



VISION 2020 FISCAL RESOURCES TASK GROUP
Meeting Minutes 7:30 PM 12/21/17

Senior Center First Floor Conference Room

ATTENDEES: Gordon Jamieson (Co-Chair), Davis Gabarino Co-Chair), Heather Remoff, Brian Hasbrouck, Pete Howard (Secretary), Sandy Pooler Deputy Town Manager

Gordon introduced Sandy and reviewed what we had asked him to talk about.

Sandy reviewed his background. He said that he had spent some years working as staff to a state legislator, and then took a year to earn a masters in Public Administration. Next he spent time working for the city of Newton and the town of Amherst before coming to Arlington. In Arlington Sandy leads the financial departments including Treasurer Collector, Assessor, Comptroller and School Department's Chief Financial Officer. None of these people work for him. He has frequent meetings of the whole group. He says they work well together. He has benefitted from turnover that made it somewhat easier to build a team.

Sandy is proud of the financial computer system modernization and consolidation that he has achieved. The central bookkeeping system, MUNIS, has been updated. The treasurer's home-grown system is being converted to use MUNIS modules. There is a full time financial computer system coordinator who makes the system work. This person also makes sure staff is well trained. The water & sewer billing system is the last major element remaining to be converted. Sandy agrees that financial leadership should be consolidated. There is no longer a need for political independence because each area has rules and procedures that assure technical independence. The existence and effectiveness of these rules are audited annually.

Sandy is proud of the annual financial plan and the long range plan. He credits these documents with developing trust between the various financial areas because assumptions and agreements are known to all. Gordon noted that the long range planning process could be more transparent. Sandy agreed. Gordon also suggested that a best case plan & a worst case plan would let the public better understand where the working plan stands. Members pointed out that choosing a worst or best case requires estimating the related uncertainty, itself an uncertain process.

Sandy used several charts to back up the general discussion. Long Range Plans Comparison (Ref 1) compares the FY 2017 cost of major budget line items as predicted in FY 2012 to the actual cost in FY 2017. Most items were predicted accurately. Free cash, however, was much larger than predicted caused largely by the health insurance savings resulting from joining the state plan. The current Long Range Plan (Ref 2) shows the Town requiring an override in FY2021. There was a discussion of allowing unexpected income to accumulate in Free Cash compared to showing it as local receipts. Sandy likes the way we are doing it because, since we appropriate only half the free cash each year, there is some cushion if revenues are less or expenses are more than predicted. If unexpected revenues were counted as local receipts, they would be expended as revenue leaving no cushion. On the other hand, using free cash as we do is not a particularly transparent budgeting tradition. He feels strongly that a town must use one or the other approach; some of both will exhibit the problems of each. Sandy provided Ref 3 to demonstrate recent free cash history.

The need for overrides arises from the Towns structural deficit, the amount that expenses exceed ordinary revenues. Sandy said this is about \$3,000,000. He noted that this number can be most easily determined from the long range plan by comparing the bottom line balance between 2 years for which there is no override stabilization fund input (FY2022 and FY2023) and in other words equals the growth in the deficit in that span.

New growth is an important part of the income stream. It allows the total real estate tax increase to exceed 2 ½%. Sandy provided a history of new growth from FY2008 through FY 2018 (Ref 4). This quantity varies widely from year to year but for these years has averaged above \$800k.

We asked Sandy what challenges the Town faces. He noted several. Convincing the voters to pass both an operating override and a high school debt exclusion override at nearly the same time. The effect of an inevitable economic downturn that would reduce state revenues and therefore state aid. The current federal tax cut/federal deficit legislation that might have several effects. A reduction in federal spending will put pressure on the state budget. The inability to deduct a large part of state taxes may undermine voter willingness to support an override. The loss of federal support for health care would cause more employees to use the Town's health insurance. (He said that this year there were 48 new hires, only 2 of which signed up for the Town's health plan – a substantial cost avoidance for the Town. All of these conditions are likely to restrain new growth.

The members thanked Sandy Pooler for a very interesting meeting, stating how reassured we were by his grasp of Town finances.

Next mtg Jan 18, 2018

Meetings monthly - 3rd Thursdays 7:30 PM - Usually in Senior Center

Ref 1 Long Range Plan Comparisons 2012 to 2017

Ref 2 Long Range Plan 12/21/17

Ref 3 Ten Year Free Cash History

Ref 4 Ten Year New Growth History

Ref 1

		FY 2017 From 2012	FY 2017 RECAP	FY2017	
				\$ Δ	% Δ
I REVENUE					
A.	State Aid	15,629,042	18,828,545	3,199,503	20.5%
	School Construction Aid	2,474,796	2,474,774	(22)	0.0%
B.	Local Receipts	8,655,000	8,971,000	316,000	3.7%
C.	Free Cash	750,000	4,537,299	3,787,299	505.0%
D.	Overlay Reserve Surplus	200,000	200,000	0	0.0%
E.	Property Tax	109,146,422	112,439,838	3,293,416	3.0%
F.	Override Stabilization Fund	5,338,587	0	(5,338,587)	-100.0%
TOTAL REVENUES		142,193,847	147,451,456	5,257,609	3.7%
II APPROPRIATIONS					
A.	Operating Budgets				
	School	57,172,443	57,172,443	0	0.0%
	General Education Costs	34,834,436	36,502,362	1,667,926	4.8%
	Special Education Costs*	18,726,557	18,726,557	(0)	0.0%
	Kindergarten Fee Offset		970,000	970,000	
	Growth Factor		973,524	973,524	
	Net School Budget	53,560,993	57,172,443	3,611,450	6.7%
	Minuteman	3,467,982	3,649,349	181,367	5.2%
	Town	27,018,416	25,796,486	(1,221,930)	-4.5%
	Personnel Services Expenses	9,410,916	9,874,330	463,414	4.9%
	Less Offsets: Enterprise Fund/Other	1,938,166	2,247,194	309,028	15.9%
	Tip Fee Stabilization Fund				
	Net Town Budget	34,491,166	33,423,622	(1,067,544)	-3.1%
	MWRA Debt Shift	5,593,112	5,593,112	0	0.0%
B.	Capital budget				
	Exempt Debt Service	2,753,751	2,518,645	(235,106)	-8.5%
	Non-Exempt Service	6,346,016	7,132,448	786,432	12.4%
	Cash	1,296,625	2,469,625	1,173,000	90.5%
	Offets/Capital Carry Forward	(159,938)	(928,185)	(768,247)	480.3%
	Total Capital	10,236,454	11,192,533	956,079	9.3%
C.	Pensions	9,734,664	9,641,782	(92,882)	-1.0%
D.	Insurance	19,799,854	16,920,564	(2,879,290)	-14.5%
E.	State Assessments	3,301,970	3,163,446	(138,524)	-4.2%
F.	Offset Aid - Assistance to Libraries	61,138	54,397	(6,741)	-11.0%
G.	Overlay Reserve	600,000	1,202,533	602,533	100.4%
H.	Fixed Costs - Res. Fund & Elections		1,607,650	1,607,650	
I.	Other	700,000	677,875	(22,125)	-3.2%
J.	Warrant Articles	646,515	802,224	155,709	24.1%
K.	Override Stabilization Fund		2,349,927	2,349,927	
L.	TOTAL APPROPRIATIONS	142,193,848	147,451,456	5,257,608	3.7%

— Subd long kindergarten

Ref 2

Long Range Financial Projection
Long Range Planning Meeting
December 21, 2017

	FY 2017 RECAP	FY 2018 RECAP	Dollar Change	Percent Change	FY 2019	Dollar Change	Percent Change	FY 2020	Dollar Change	Percent Change	FY 2021	Dollar Change	Percent Change	FY 2022	Dollar Change	Percent Change	FY 2023	Dollar Change	Percent Change
Free Cash	18,828,545	19,207,063	378,518	2.01%	19,408,951	201,888	1.05%	19,598,426	189,475	0.98%	19,789,795	191,369	0.98%	19,983,079	193,284	0.98%	20,178,295	195,216	0.98%
Ion Fund	2,474,774	1,615,914	(858,860)	-34.70%	476,523	(1,139,391)	-70.51%	476,523	0	0.00%	476,523	0	0.00%	0	(476,523)	-100.00%	0	0	0.00%
Ion Fund	8,971,000	9,071,000	100,000	1.11%	9,171,000	100,000	1.10%	9,271,000	100,000	1.09%	9,371,000	100,000	1.08%	9,471,000	100,000	1.07%	9,571,000	100,000	1.06%
Ion Fund	4,537,299	4,850,566	313,267	6.90%	4,850,566	0	0.00%	2,926,864	(1,923,702)	-39.66%	2,926,864	0	0.00%	2,926,864	0	0.00%	200,000	0	0.00%
Ion Fund	200,000	500,000	300,000	150.00%	200,000	(300,000)	-60.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%
Ion Fund	112,439,838	117,255,201	4,815,363	4.28%	120,635,275	3,380,074	2.86%	124,002,012	3,366,737	2.79%	127,381,594	3,379,582	2.73%	130,774,745	3,393,151	2.68%	134,287,098	3,512,353	2.69%
Ion Fund	147,451,456	152,499,744	5,048,288	3.42%	158,424,780	5,925,036	3.89%	165,466,249	7,041,469	4.44%	170,825,190	5,358,941	3.24%	163,355,688	(7,469,502)	-4.37%	167,163,257	3,807,569	2.33%
Ion Fund	36,502,362	38,787,542	2,285,180	6.26%	42,618,307	3,830,765	9.88%	44,971,047	2,352,740	5.52%	47,522,635	2,551,588	5.67%	49,819,088	2,296,453	4.83%	52,383,334	2,564,245	5.15%
Ion Fund	18,726,557	20,037,415	1,310,858	7.00%	21,340,034	1,402,619	7.00%	22,940,836	1,600,802	7.00%	24,546,695	1,605,859	7.00%	26,264,964	1,718,269	7.00%	28,103,511	1,838,547	7.00%
Ion Fund	970,000	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%
Ion Fund	973,524	1,133,528	160,004	16.44%	831,980	(301,548)	-36.60%	944,542	112,562	13.53%	611,750	(332,792)	-35.23%	792,828	181,078	29.60%	665,584	(127,244)	-18.05%
Ion Fund	57,172,443	60,928,485	3,756,042	6.57%	65,860,321	4,931,836	7.50%	69,826,425	3,966,104	6.02%	73,651,080	3,824,655	5.48%	77,846,880	4,195,800	5.70%	82,122,429	4,275,549	5.49%
Ion Fund	3,649,349	4,291,333	641,984	17.59%	4,440,530	850,197	3.50%	4,596,984	155,454	3.50%	4,757,878	160,894	3.50%	4,924,404	166,526	3.50%	5,096,758	172,354	3.50%
Ion Fund	25,796,486	26,722,171	925,685	3.59%	27,590,642	868,466	3.25%	28,487,338	896,696	3.25%	29,413,176	925,838	3.25%	30,369,104	955,928	3.25%	31,356,100	986,996	3.25%
Ion Fund	9,874,330	10,314,386	440,056	4.46%	10,649,604	335,218	3.25%	10,995,716	346,112	3.25%	11,353,077	357,361	3.25%	11,722,052	368,975	3.25%	12,103,019	380,967	3.25%
Ion Fund	2,247,194	2,436,791	189,597	8.44%	2,515,987	73,196	3.25%	2,597,757	81,770	3.25%	2,682,184	84,427	3.25%	2,769,355	87,171	3.25%	2,859,359	90,004	3.25%
Ion Fund	33,423,622	34,599,766	1,176,144	3.52%	35,724,259	2,224,493	6.35%	36,885,297	1,161,038	3.25%	38,084,069	1,198,772	3.25%	39,321,801	1,237,732	3.25%	40,599,760	1,277,959	3.25%
Ion Fund	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%
Ion Fund	2,518,645	3,175,427	656,782	26.09%	1,938,973	(1,236,454)	-38.94%	1,581,604	(67,369)	-3.47%	1,781,204	(90,400)	-4.83%	1,191,079	(590,125)	-33.13%	1,159,032	(32,047)	-2.69%
Ion Fund	7,132,448	7,281,819	149,371	2.09%	6,628,508	(653,311)	-9.70%	6,588,606	(39,902)	-0.60%	6,987,440	398,834	6.05%	6,628,352	(359,088)	-5.14%	6,828,352	0	0.00%
Ion Fund	2,469,625	3,941,928	1,472,303	59.62%	2,268,309	(1,673,619)	-73.53%	2,539,701	271,392	11.96%	2,206,035	(333,666)	-13.74%	2,700,544	494,509	22.42%	2,700,544	0	0.00%
Ion Fund	(928,185)	(2,875,349)	(1,947,164)	-209.78%	(422,280)	2,453,069	-56.31%	(342,558)	9,726	-2.30%	(347,721)	64,837	-15.72%	(375,770)	(28,049)	-8.07%	(375,770)	0	0.00%
Ion Fund	11,192,533	11,523,825	331,292	2.96%	10,413,510	(1,110,315)	-9.63%	10,587,353	173,843	1.67%	10,626,958	39,605	0.37%	10,144,205	(482,753)	-4.54%	10,112,158	(32,047)	-0.32%
Ion Fund	9,641,782	10,171,735	499,953	5.19%	10,699,530	557,795	5.50%	11,288,004	588,474	5.50%	11,908,844	620,840	5.50%	12,563,830	654,986	5.50%	13,254,841	691,011	5.50%
Ion Fund	16,920,564	17,239,561	318,997	1.89%	18,302,317	1,062,756	6.16%	19,447,905	1,145,588	6.30%	20,592,367	1,144,462	5.88%	21,838,551	1,246,184	6.05%	23,128,081	1,289,530	5.90%
Ion Fund	3,217,843	3,240,429	22,586	0.70%	3,266,724	26,295	0.81%	3,248,392	81,668	2.50%	3,432,102	83,710	2.50%	3,517,905	85,803	2.50%	3,605,852	87,947	2.50%
Ion Fund	1,202,533	1,156,229	(46,304)	-3.85%	800,000	(366,229)	-30.81%	800,000	(200,000)	-25.00%	800,000	0	0.00%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%
Ion Fund	1,507,650	1,508,440	(101,210)	-6.30%	1,547,423	40,983	2.72%	1,564,468	17,325	1.12%	1,601,458	36,710	2.35%	1,633,557	32,099	2.00%	1,671,633	38,076	2.33%
Ion Fund	677,875	749,338	70,463	10.39%	771,250	22,912	3.06%	773,225	1,975	0.26%	777,195	(1,275)	-0.16%	767,450	(4,500)	-0.58%	100,000	(667,450)	-86.97%
Ion Fund	802,224	1,319,355	517,131	64.46%	1,004,804	(314,551)	-23.84%	954,804	(50,000)	-4.98%	904,804	50,000	5.24%	954,804	(50,000)	-4.98%	954,804	0	0.00%
Ion Fund	147,451,456	152,499,744	5,048,290	3.42%	158,424,780	5,925,036	3.89%	165,466,249	7,041,469	4.44%	172,624,622	7,158,373	4.33%	179,906,499	7,281,877	4.22%	186,839,427	6,932,928	3.85%
Ion Fund	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	(1,799,432)			(16,550,811)			(19,676,170)		
Ion Fund	9,701,131	9,701,131	0	0.00%	5,853,728	0	0.00%	5,853,728	0	0.00%	5,853,728	0	0.00%	5,853,728	0	0.00%	5,853,728	0	0.00%
Ion Fund	2,997,143	3,187,057	189,914	6.34%	3,382,669	3,382,669	100.00%	3,382,669	0	0.00%	3,791,674	0	0.00%	4,005,424	0	0.00%	4,225,586	0	0.00%
Ion Fund	23,142,167	23,353,303	211,136	0.91%	19,670,838	(3,471,465)	-17.65%	10,679,414	(9,001,424)	-84.33%	827,201	0	0.00%	852,017	0	0.00%	877,577	0	0.00%
Ion Fund	734,957	757,006	22,049	3.00%	779,716	42,710	5.43%	803,107	23,391	2.93%	827,201	0	0.00%	852,017	0	0.00%	877,577	0	0.00%
Ion Fund	36,575,398	36,998,497	423,099	1.15%	29,686,951	(6,888,447)	-23.58%	20,970,398	(12,696,553)	-61.03%	10,472,602	(9,937,796)	-95.94%	10,711,168	233,566	2.24%	10,956,891	245,723	2.24%
Ion Fund	24.8%	24.3%			18.7%			12.6%	6.1%		6.1%		6.6%	6.6%			5.12%	6.6%	
Ion Fund	5.61%	5.21%			5.10%			5.03%	4.94%		4.94%		5.24%	5.24%			5.12%	5.12%	

The plan does not include any potential impacts of an Arlington High School						
The plan does not include any projected revenues or expenditures from the Community Preservation Act						
Projected School Enrollment Growth FY 2017 - FY 2023						
FY 2017**	FY 2018**	FY 2019**	FY 2020*	FY 2021*	FY 2022*	FY 2023*
84	242	170	193	125	162	136
35% of FY14 DESE Per Pupil Cost of \$13,085 = Growth Factor of \$4,580 X Enrollment Growth and FY15 PPC Cost of \$13,383 = \$4,684 X Enrollment Growth						
35% of FY16 DESE Per Pupil Cost of \$13,984 = \$4,894 X Enrollment Growth /						

Long Range Financial Projection Long Range Planning Meeting December 21, 2017

	FY 2017 RECAP	FY 2018 RECAP	Dollar Change	Percent Change	FY 2019	Dollar Change	Percent Change	FY 2020	Dollar Change	Percent Change	FY 2021	Dollar Change	Percent Change	FY 2022
I REVENUE														
A. State Aid	18,828,545	19,207,063	378,518	2.01%	19,408,951	201,888	1.05%	19,598,426	189,475	0.96%	19,789,795	191,369	0.98%	19,983,079
School Construction Aid	2,474,774	1,915,914	(558,860)	-34.70%	476,523	(1,139,391)	-70.51%	476,523	0	0.00%	476,523	0	0.00%	0
B. Local Receipts	8,971,000	9,071,000	100,000	1.11%	9,171,000	100,000	1.10%	9,271,000	100,000	1.09%	9,371,000	100,000	1.08%	9,471,000
C. Free Cash	4,537,299	4,850,566	313,267	6.90%	4,850,566	0	0.00%	2,926,864	(1,923,702)	-39.66%	2,926,864	0	0.00%	2,926,864
D. Overlay Reserve Surplus	200,000	500,000	300,000	150.00%	200,000	(300,000)	-60.00%	200,000	0	0.00%	200,000	0	0.00%	200,000
E. Property Tax	112,439,838	117,255,201	4,815,363	4.28%	120,635,275	3,380,074	2.88%	124,002,012	3,366,737	2.79%	127,381,594	3,379,582	2.73%	130,774,745
F. Override Stabilization Fund														
TOTAL REVENUES	147,451,456	152,499,744	5,048,288	3.42%	158,424,780	5,925,036	3.89%	165,466,249	7,041,469	4.44%	170,825,190	5,358,941	3.24%	163,355,888
II APPROPRIATIONS														
A. Operating Budgets														
School	36,502,362	38,787,542	2,285,180	6.26%	42,615,507	3,830,765	9.88%	44,971,047	2,355,740	5.52%	47,522,635	2,551,588	5.67%	49,819,088
General Education Costs	18,726,557	20,037,415	1,310,858	7.00%	21,440,034	1,402,619	7.00%	22,940,836	1,500,802	7.00%	24,546,695	1,605,859	7.00%	26,264,964
Special Education Costs	970,000	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000
Kindergarten Fee Offset	973,524	1,133,528	160,004	16.44%	831,980	(301,548)	-36.80%	944,542	112,562	13.53%	611,750	(332,792)	-35.23%	792,828
Growth Factor	57,172,443	60,928,485	3,756,042	6.57%	65,860,321	4,931,836	7.49%	69,826,425	3,966,104	6.02%	73,651,080	3,824,655	5.48%	77,846,880
Net School Budget	3,649,349	4,291,333	641,984	17.59%	4,440,330	150,197	3.36%	4,596,984	155,454	3.50%	4,757,878	160,894	3.50%	4,924,404
Personnel Services	25,796,486	26,722,171	925,685	3.59%	27,590,642	868,471	3.25%	28,487,338	896,696	3.25%	29,413,176	925,838	3.25%	30,369,104
Expenses	9,874,330	10,314,386	440,056	4.46%	10,649,604	335,218	3.25%	10,995,716	346,112	3.25%	11,353,077	357,361	3.25%	11,722,052
Enterprise Fund/Other	2,247,194	2,436,791	189,597	8.44%	2,515,987	77,196	3.25%	2,597,757	81,770	3.25%	2,682,184	84,427	3.25%	2,769,355
Net Town Budget	33,423,622	34,599,766	1,176,144	3.52%	35,724,259	1,224,493	3.42%	36,885,297	1,161,038	3.25%	38,084,069	1,198,772	3.25%	39,321,801
MWRA Debt Shift	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112
B. Capital budget														
Exempt Debt Service	2,518,645	3,175,427	656,782	26.08%	1,938,973	(1,236,454)	-38.94%	1,938,973	(67,369)	-3.47%	1,781,204	(90,400)	-4.83%	1,191,079
Non-Exempt Service	7,132,448	7,281,819	149,371	2.09%	6,628,508	(653,311)	-8.97%	6,588,606	(39,902)	-0.60%	6,987,440	398,834	6.05%	6,628,352
Cash	2,469,625	3,941,928	1,472,303	59.62%	2,268,309	(1,673,619)	-73.56%	2,539,700	271,392	11.96%	2,206,035	(333,666)	-13.14%	2,700,544
Offsets/Capital Carry Forward	(928,185)	(2,875,349)	(1,947,164)	208.78%	(422,280)	2,453,069	-55.31%	(2,512,558)	(64,278)	-2.30%	(347,721)	64,837	-15.72%	(375,770)
Total Capital	11,192,533	11,523,825	331,292	2.96%	10,413,510	(1,179,315)	-9.63%	10,587,353	173,843	1.67%	10,626,958	39,605	0.37%	10,144,205
C. Pensions	9,641,782	10,141,735	499,953	5.19%	10,699,530	557,795	5.50%	11,288,004	588,474	5.50%	11,908,844	620,840	5.50%	12,563,830
D. Insurance	16,920,564	17,239,561	318,997	1.89%	18,302,317	1,062,756	6.16%	19,447,905	1,145,588	6.16%	20,592,367	1,144,462	5.88%	21,838,551
E. State Assessments	3,217,843	3,240,429	22,586	0.70%	3,266,724	26,295	0.81%	3,348,392	81,668	2.50%	3,432,102	83,710	2.50%	3,517,905
G. Overlay Reserve	1,202,533	1,156,229	(46,304)	-3.85%	800,000	(366,229)	-30.81%	600,000	(200,000)	-25.00%	600,000	0	0.00%	800,000
H. Reserve Fund	1,607,650	1,506,440	(101,210)	-6.30%	1,547,423	40,983	2.72%	1,564,738	17,325	1.12%	1,601,458	36,710	2.35%	1,633,557
I. Court Judgments/Symmes	677,875	748,338	70,463	10.39%	771,250	22,912	3.06%	773,225	1,975	0.26%	795,000	(1,275)	-0.16%	767,450
J. Warrant Articles	802,224	1,319,355	517,131	64.46%	1,004,804	(314,551)	-23.84%	954,804	(50,000)	-4.98%	1,004,804	50,000	5.24%	954,804
K. Override Stabilization Fund	2,349,927	211,136	(2,138,791)	-91.03%	158,424,780	5,925,036	3.89%	165,466,249	7,041,469	4.44%	172,824,622	7,158,373	4.33%	179,906,499
TOTAL APPROPRIATIONS	147,451,456	152,499,744	5,048,288	3.42%	158,424,780	5,925,036	3.89%	165,466,249	7,041,469	4.44%	172,824,622	7,158,373	4.33%	179,906,499
BALANCE	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	(1,799,432)	(1,799,432)	0.00%	(16,550,811)
Reserve Balal	9,701,131	9,701,131	0	0.00%	5,853,728	(3,847,403)	-39.58%	5,853,728	0	0.00%	5,853,728	0	0.00%	5,853,728
Stabilization Fund	2,997,143	3,187,057	189,914	6.34%	3,382,669	385,612	11.49%	3,584,149	201,480	5.93%	3,791,674	207,525	5.80%	4,005,424
Override Stabilization Fund	23,142,167	23,353,303	211,136	0.91%	19,670,838	(3,682,465)	-18.77%	10,679,414	(9,001,424)	-84.30%	0	0	0.00%	0
Municipal Bldg. Ins. Trust Fund	734,957	757,006	22,049	3.00%	779,716	21,710	2.72%	803,107	23,391	2.93%	827,201	24,094	2.93%	852,017
TOTAL:	36,576,398	36,998,497	422,099	1.15%	29,686,951	(6,891,447)	-23.47%	20,920,398	(8,766,553)	-41.91%	10,472,602	(9,847,796)	-95.03%	10,711,168
% of General Fund Revenue	24.8%	24.3%	18.7%	75.2%	18.7%	5.10%	12.6%	6.1%	4.94%	5.24%	6.1%	5.24%	6.6%	5.24%
Capital as % of Revenue	5.61%	5.21%	5.10%	90.2%	5.10%	5.03%	5.03%	5.03%	4.94%	5.24%	5.24%	5.24%	5.24%	5.24%

The plan does not include any potential impacts of an Arlington High School

The plan does not include any projected revenues or expenditures from the Community Preservation Act

Projected School Enrollment Growth FY 2017 - FY 2023

FY 2017** FY 2018** FY 2019** FY 2020* FY 2021* FY 2022*

84 242 170 193 125 162

Actual/Proj. Annual Growth
** Actual Growth - Based on 35% of FY14 DESE Per Pupil Cost of \$13,085 = Growth Factor of \$4,580 X Enrollment Growth and FY15 PPC Cost of \$13,383 = \$4,684 X Enrollment Growth
* Projected Growth- Based on 35% of FY16 DESE Per Pupil Cost of \$13,984 = \$4,894 X Enrollment Growth

Long Range Financial Projection
Long Range Planning Meeting
December 21, 2017

Explanation of Terms

I REVENUE

- A. State Aid
School Construction Aid
B. Local Receipts
C. Free Cash
D. Overlay Reserve Surplus
E. Property Tax
F. Override Stabilization Fund

TOTAL REVENUES

II APPROPRIATIONS

- A. Operating Budgets
School
General Education Costs
Special Education Costs
Kindergarten Fee Offset

Growth Factor

Net School Budget

- Minuteman
Town
Personnel Services
Expenses
Enterprise Fund/Other
Less Offsets:
Net Town Budget
MWRA Debt Shift

B. Capital budget

- Exempt Debt Service
Non-Exempt Service
Cash
Offsets/Capital Carry Forward
Total Capital

- C. Pensions
D. Insurance
E. State Assessments
F. Offset Aid - Assistance to Libraries
G. Overlay Reserve
H. Fixed Costs - Res. Fund & Elections
I. Other
Court Judgments/Symmes
J. Warrant Articles
K. Override Stabilization Fund
L. TOTAL APPROPRIATIONS

BALANCE

Reserve Balances

- Free Cash
Stabilization Fund A
Override Stabilization Fund

- Municipal Bldg. Ins. Trust Fund A
TOTAL: Total reserves.
% of General Fund Revenue

State Aid as reported on the Cherry Sheets, including CH. 70 School Aid, Unrestricted General Government Aid (UGGA), and others. Reimbursement for school construction costs from an old state program. These payments run out in FY2021.
Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: Increase by \$100,000 per year.
Free Cash is equivalent to the previous year's operating surplus. Assumption: Half of the ten year average Free Cash is allocated as a revenue source for the operating budget and the other half is used for capital projects.
The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. The amount released is based on the previous year's revenue. Assumption: Current year assessment will continue until the reserve is exhausted.
Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt exclusion.
The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is withdrawn (see comparable item in Expenditures) to maintain the fund balance.

Most of the costs of running the School Department. Assumption: A 3.25% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth.
Costs of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year.
When the Arlington School Department adopted a full day kindergarten program, it eliminated fees for previous program, and the Town began receiving state aid for those students. The amount of state aid is based on the previous year's enrollment.

An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that the total school department budget will increase by the same percentage as enrollment growth.
The Total School Department Budget.
Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by the same percentage as the previous year's actual assessment.
Town employees salaries and wages. Assumption: Annual growth of 3.25%
Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%
Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%
Personnel Services plus Expenses, minus Offsets.
The Town adopted a state law that allows it to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the state.

Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and is not included in the annual Capital Plan paid for with tax dollars.
Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.
Items in the annual Capital Plan paid for with cash.

Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items for the town.
Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.
Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.
Health, property, and liability insurance. Assumption: Updated annually with latest enrollment figures and insurance rates. Future costs include projected teacher staffing increases to 2025 (as mandated by Prop. 2 1/2).
Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2).
Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue until the reserve is exhausted.
Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.
Reserve fund equals 1% of annual revenues. It is available to the Finance Committee to pay unanticipated and extraordinary costs, such as snow and ice removal. Election's costs vary from year to year.
Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid by the town.
Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.
The total of all items under II Appropriations.
The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.

Free Cash An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.
Stabilization Fund A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.
Override Stabilization Fund The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to maintain the fund balance.

Municipal Bldg. Ins. Trust Fund A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the town to self-insure.
TOTAL: Total reserves.
% of General Fund Revenue Total reserves as a percent of total revenue.

Long Range Financial Projection
Long Range Planning Meeting
December 21, 2017

Explanation of Terms

State Aid as reported on the Cherry Sheets, including CH. 70 School Aid, Unrestricted General Government Aid (UGGA), and others.

Reimbursement for school construction costs from an old state program. These payments run out in FY2021.

Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: Increase by \$100,000 per year.

Free Cash is equivalent to the previous year's operating surplus. Assumption: Half of the ten year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve.

The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a larger amount is released for revaluation expenses.

Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the voters, plus MWRA Debt shift.

The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is withdrawn (see comparable item in Expenses below). Fund balance is reported in reserves section at bottom the sheet.

Total General Fund Revenues.

Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor, below).

Costs of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year.

When the Arlington School Department adopted a full day kindergarten program, it eliminated fees for previous program, and the Town began receiving state aid for those students. The Offset replaces the fees the School Department had received.

An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost 35% of State's Per Pupil Cost figure.

The Total School Department Budget.

Assessments from the Milutean Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.

Town employees salaries and wages. Assumption: Annual growth of 3.25%

Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%

Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%

Personnel Services plus Expenses, minus Offsets.

The Town adopted a state law that allows it to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Assumption: \$5,593,112 per year.

Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are exactly matched.

Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.

Items in the annual Capital Plan paid for with cash.

Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.) and bond premiums used to purchase capital items.

Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.

Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.

Health, property, and liability insurance. Assumption: Updated annually with latest enrollment figures and insurance rates. Future costs include projected teacher staffing increases to meet increased student populations, plus 5.25% inflation.

Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2).

Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue unchanged.

Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years.

Reserve fund equals 1% of annual revenues. It is available to the Finance Committee to pay unanticipated and extraordinary costs, such as snow and ice removal. Election's costs vary each year depending on the number of elections.

Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid off in FY2022.

Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.

In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.

The total of all items under II Appropriations.

The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.

Free Cash. An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.

Arlington Fund A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.

Arlington Fund The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purposes of balancing the general fund budget.

Trust Fund A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance policies with high deductibles.

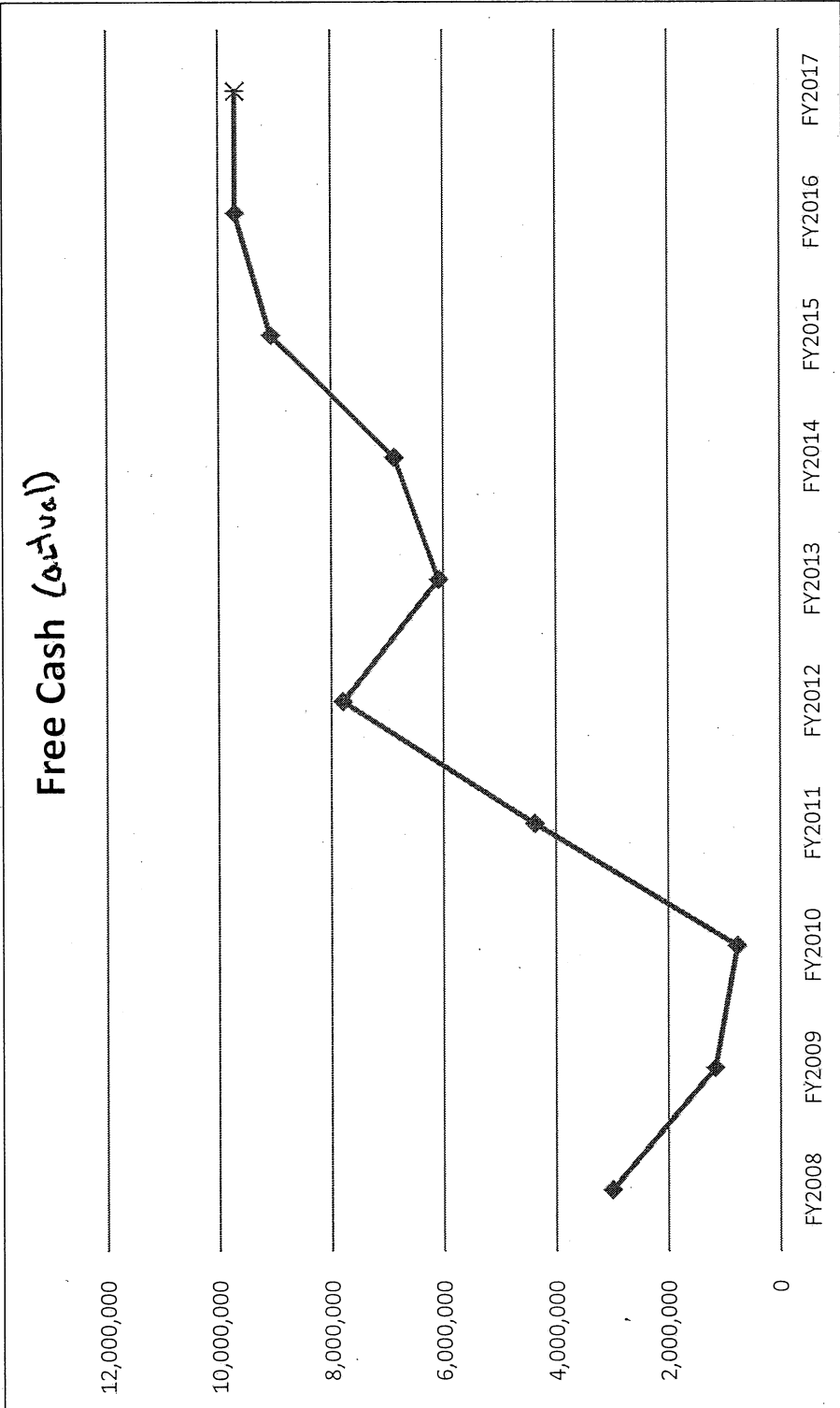
TOTAL: Total reserves.

Revenue Total reserves as a percent of total revenue.

Town of Arlington Ten Year Free Cash Analysis

Ref 3

Free Cash	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Free Cash Balance	2,995,814	1,164,101	770,499	4,379,408	7,793,055	6,085,848	6,871,692	9,074,598	9,701,131	9,701,131
12 Year Average								4,528,206	4,998,472	5,390,360
10 Year Average								4,528,206	5,247,372	5,853,728
5 Year Average								6,840,920	7,905,265	8,286,880
12 Year Median								4,008,491	4,379,408	5,232,628
10 Year Median								4,008,491	5,232,628	6,478,770
5 Year Median								6,871,692	7,793,055	9,074,598
12 Year, drop high and low									4,451,156	5,421,269



Town of Arlington Ten Year New Growth History

Fiscal Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Total New Growth	\$640,013	\$642,912	\$726,955	\$656,751	\$522,167	\$657,203	\$1,393,953	\$1,255,293	\$1,337,666	\$1,070,144	\$1,263,812
Less Brigham's						(128,657)	(180,666)				
Less Symmes						(12,142)	(764,490)	(307,971)			
Adjusted Growth	\$640,013	\$642,912	\$726,955	\$656,751	\$522,167	\$516,404	\$448,797	\$947,322	\$1,337,666	\$1,070,144	\$1,263,812
*Subject to DOR Certification											
10 Year Avg.									\$750,913	\$813,293	
10 Year Median									\$649,832	\$691,853	

